

## **How Beneficial are the Configuration and Shared Value Models to SMEs' Performance?**

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## **ABSTRACT**

At the heart of Huselid and Porter and Kramer's Configuration and Creating Shared Value models is the need to deal with a 'black box' organisational performance problem. The author argues that the theories subsumed in both models could benefit from a method for their implementation, given their anticipated support and promises to organisations and society. The results from four SMEs are presented as part of the development of an implementation method to support preferred performance levels. The results from eighty-five semi-structured interviews with management and staff point not only to the inability of the models to deal with organisational performance problem but also identify four sets of individuals' strategies that could resolve SMEs' performance problem and contribute to the configuration and CSV proposals. The method highlights how individuals have developed their capability through reflections to resolve their SMEs' performance. This is a further extension of Alvesson and Skoldberg's 'reflexive methodology'.

**KEYWORDS:** configuration model, shared value model, SMEs, performance, method

## **Introduction**

Over the past decades, researchers in the scientific discipline of Human Resource Management (HRM) have been dealing with a significant problem of research which is ‘can we use HRM strategies and practices to resolve the problem of organisational performance (Chand and Katou, 2007)?’ Although there have been contributions to this area from both academics and practitioners (see Subramony et al., 2018; Lepak and Snell, 2002), the solution to the problem of preferred higher levels of performance has not been finalised. Answering the question becomes more salient especially within SMEs which are now increasingly dealing with a more diverse group of employees, clientele, government and non-governmental agencies and stiff competition than before. Recent attempts to resolve the problem has witnessed the use of High Performance Work Practices (Huselid, 1995) as part of under-represented developments to show what HRM has to offer to SME performance (Gruman and Saks, 2011; Saridakis et al., 2017). Other attempts have focused on showing that technology can offer some solutions (Stone and Deadrick, 2015) although such a strategy has also neither come to fruition nor addressed SMEs’ preferred levels of performance.

Other studies have tried to answer the question posed by showing what people can contribute through employee engagement and commitment (formal or informal – Lwango et al., 2017). In some studies, it is claimed that HRM policies (e.g. recruitment and selection, performance appraisal and reward systems) fully determine firm performance (Katou and Budhwar, 2006; Fey et al., 2000). Additional studies show that there is a link between the use of targets and increased individual performance (Latham et al. 2005; Beer and Cannon, 2004) and that focusing on competencies (i.e. the ‘how’) can help achieve planned organisational objectives (i.e. results). However, the use of performance appraisals as a way of identifying what performance levels are preferred has been critiqued (see Campbell et al. 1998) as the objectives of the interacting parties differ and management are incompetent (Schonefield, 2004). It is observed that the proposal use standardised measurement techniques (Yang and Hsieh, 2007) in the public sector. Their adoption might be as a result of responding to Becker and Huselid’s (2006) identification of a ‘black box’ performance-related problem in HRM and business organisations; a problem largely under-valued in SME studies.

In instances where adopting a single strategy (e.g. reward or discipline) has not offered the anticipated panacea, scholars have postulated that a combination of HRM strategies be 'bundled' into 'High Performance Work Systems' (Huselid et al., 1997) as a way out. This has given rise to a paradigm generally referred to as effective HRM (Guest and Peccei, 2001). It is even claimed that such a paradigm (and its strategies) can benefit organisations that choose to operate in international contexts (Rogers and Wright, 1998). Despite a large number of claims and counter-claims, there have been only patchy attempts in tackling this problem at SME level. In attempts to show what HRM, processes and practices can offer, some scholars have used intermediate variables (Guest, 2011; Sanders, Shipton and Gomes, 2014) partly in response to Schonefield's (2004) regarding inadequate staff performance. However, the consistency of what is contributed has been contested (Huselid, 1995; Gerhart, 2005). Although Peccei et al. (2011) noted that managers need to try and predict the moderating resistors to the strategies that might trigger organisational outcomes (e.g. change, performance, productivity etc), it is still not clear what type of strategic approach is needed to identify and deal with the resistors to SMEs' preferred performance. Based on the literature and the limitations of management strategies proposed thus far, the author has chosen to attempt to answer the research question 'what type of strategic approach should HR/business managers follow when they try to achieve preferred (e.g. high levels of) performance?' Various answers found in the literature point to attempts to deal with the challenges of performance are summarised using two types of models: Configuration and Creating Shared Value. The selection of both models is justified on the basis of their support for individuals and organisations that have been adversely challenged to perform. Critiquing their aspects has proven beneficial in paving a way for an improved strategic approach of SMEs' preferred performance implementation.

## **LITERATURE REVIEW**

### ***Configuration Model***

The Configuration Model identifies attempts to address the apparent lack of strategy to resolve the 'black box' performance problem although it did not specify SMEs. Its proponents assume that a fit between HR, business strategy and the external environment could help. They try to show that what happens in an organisation's internal environment (in terms of its policies and activities) should take into account what happens outside in a bid to deal with problematic issues. If strategic fit happens, it is believed there are chances of achieving the preferred high

levels of performance thereby resolving the ‘black box’ problem. As such this model was selected for inclusion and analysis. The model postulates that there is a relationship between HRM and the external environment and this shapes organisational business outcomes (e.g. performance and productivity). However, using strategy to resolve organisational performance (Delery and Doty, 1996; Huselid and Becker, 1996; Ichniowski et al. 1997) is under-represented and under-studied in SMEs that are confronted with performance-related challenges.

Proponents of the model laud the benefits of HRM strategies on business performance (Brewster, 1999; Adomaku et al., 2018) and enhances a company’s leadership capital (Subramony et al., 2018). It is assumed that entrepreneurial ability can enable a match between business objectives, people management through HRM policies and the external environment. Configuring an alignment between the aspects remains the challenge, however as how this is done remains patchy.

There is an ongoing debate and discussion in academe and HRM whether we do have a set of strategies that can effectively mobilise the extra resources to enable individual employees contribute when their companies face life threatening performance-related challenges. Most strategies appear to focus on realising some outside goal. Even the combined ‘bundle’ of HRM strategies suggested by Huselid et al. (1995) and subsequently by Sanders et al. (2014) as part of a coordinated management strategy seems to fit a type of machine-like-thinking with parts that either are assumed fixed or are assumed to have to be made fixed. Such thinking seems to assume that an organisation’s performance is a static one. Although proponents of the model have postulated that HRM strategies can help resolve performance (Boxall and Purcell, 2003; Gerhart, 2005) more empirical data and methodological investigations are still needed to fully appreciate the dynamic employee interactions within the process.

Research attempts to understand the model’s contribution to process issues focus on the resource-based competences of people (Wernerfelt, 1984). Again, the assumption is still made that there is an internal, rigorous strategic fit with staff selection, training, appraisal and reward (Snell, 1992). Other researchers focus on configuring what managers do within their organisations and what happens outside (Lepak and Snell, 2002). The debates are still polarised partly because organisations have been categorised as process or outcome-driven when they try to implement the strategies prescribed by the model. Process-type organisations align their

HRM strategies in line with job descriptions, job (re)design, performance appraisals and reward systems as part of their strategy (Dyer and Reeves, 1995). Outcome-type companies focus their strategies on the less tangible aspects such as staff commitment, engagement and involvement. The degree to which each succeeds and how they do so within SMEs is a neglected and debatable one.

To clarify why the polarisation exists, Lepak and Snell (2002) identified four areas in which they perceive a relationship between the human and employment characteristics of the model namely 1. Commitment-based (a core set of knowledge workers enjoying loose job descriptions next to extensive training and development schemes, knowledge intensive, job-designs and performance-related pay); 2. Productivity-based (internally selected, skills are not competitively advantageous to the organisation, staffing and task-focused rather than developmentally focused); 3. Compliance-based (human capital is not of high value, fixed-term-tasks may be contracted out for greater flexibility) and 4. Collaboration-based (alliances and partnerships create added value, Research and Development and information sharing are encouraged to cut costs). They shed light on the types of strategies needed not only to influence human behaviour at work but also to contribute to organisational performance. It remains unclear however whether studies in their model add something to our understanding of how organisations and their members actually resolve organisational performance problems. One such area is SMEs attempting to deal with the problem of performance when other more financially viable and bigger companies are failing in pressurised market environments (see 2018 Carillion case in the UK).

Configuration theorists postulate that HRM strategies should be formalised in a coherent and coordinated manner to address the pressures. One such practical way of formalisation is through language, which, over time, becomes a socially-accepted practice. When this happens, the language, social norms and beliefs become part of the company's culture (Okpara and Kabongo, 2010) or, if one wishes, part of an organisation's tradition sense-making operations (Berger and Luckman, 1967). However, we are also reminded that the HRM strategies may be resisted (Ford et al., 2008) triggering counter-cultures (Hofstede, 2001). It was accidentally confirmed by the results of a study I conducted on 4 SMEs that companies' performance increased as a consequence of employees resisting managers who used traditional models and methods, the very ones that Huselid (1995), Lepak and Snell (2002), Sanders et al. (2014) and Porter and Kramer (2011) have proposed. Some possible lessons are considered below.

Interestingly, Hofstede (2001) and some of his followers did not consider HRM and did not view people as part of the solution to low levels of performance. How people-related strategies are configured to enhance the performance value in SMEs is examined in relation to Porter and Kramer's (2011) Creating Shared Value Model.

### ***Creating Shared Value Model***

The second model constitutes a generalisation of strategy from Porter and Kramer's (2011) Creating Shared Value (or CSV). It was chosen because it has identified fundamental problems that firms, governments and society are having to deal with – one of which is performance. They proposed that capitalism be redefined after its “wealth-building” caused problems such as poverty, improper health and safety and ethical financial misbehaviour among others. They are diagnosed owing to organisations having developed a limited perspective of what shared value is and what strategies are needed to deal with negative, outside factors that the configuration model attempted to resolve. When this happens, government and society are blamed thereby prompting proposals to use Corporate Social Responsibility (or CSR) for public “good” (p. 16).

The authors believe that CSV should “grow techniques” as a way to improve any organisation's resources for performance-optimisation. It could therefore be observed that organisations' strategies do not operate in a vacuum and that their desire to resolve their performance issues is determined not only by the internal configuration of HRM and business practices but also by the way people choose to operationalise their strategic objectives (Boxall and Purcell, 2003). Organisations are advised to accommodate different strategic perspectives from employees, businesses and society (see Porter and Kramer's practical examples of success stories including Intel, IBM, Wells Fargo and Waterhealth International, Coca-Cola, among others).

Since its publication by Harvard Business Review, the model has come under world-wide scrutiny both from academe (Moon et al., 2011) and multinational companies (MNCs). A variety of attempts has been made to improve its inadequacies, not least on whether human “agents” can help in strategy implementation (Bouckennooghe, 2010). However, this has been met with some counter-postulations given organisational constraints on resource availability and management expertise (Teittinen et al., 2013; Doern, 2009; Ford et al., 2008). In addition, companies would have to undergo a fundamental cultural shift (Bock et al., 2012), an oversight in strategy-performance management thinking. Companies should recognise and use other

resources outside of Porter and Kramer's recommendation (Tassabehji and Isherwood, 2014) as value creation remains contested (Crane et al., 2014) especially in resource-strained SMEs (Garezzi and Terzi, 2005; Lenseges et al., 2016).

### ***HRM and Performance***

When Becker and Huselid (2006: 908) claimed that HRM and businesses have a 'black box' problem and signalled a resolution-need, they did not shed further light on 'how'. An examination of the literature exposes marked differences in scholars' proposals. Guest (1999) proposed High Performance Practices to enhance management-employee trust and commitment and the 'psychological contract'. However, we do not know if such techniques can make work interesting and boost performance (Campbell et al., 1998) despite the advocacy from others (Guest, 2011; Huselid and Becker, 2000). Although White et al. (2003) found that appraisals could boost work-life balance, Ichiniowski et al. (1997) Schonefield (2004) found differences due to management's incompetent use of the strategies to boost performance.

Likewise, although Appelbaum and Batt (2000) found some that HPP could facilitate trust they could not verify the same impact on stress. Guzzo et al.'s (1985) study found that adopting a training strategy can boost productivity and organisational performance. Gerhart and Milkovich's (1992) showed that using a reward and training strategy can help an organisation's profits. Although some studies have shown the benefits of adopting employee engagement strategies on turnover, productivity, customer satisfaction and profitability (Harter et al., 2002; Koys, 1991), similar impacts cannot be verified elsewhere (Schneider et al., 2003; Wright et al., 2004). In addition, research conducted by Cappelli and Neumark (2001) found that using High Performance Practices can deliver unfavourable results. Guest et al. (2003) actually found that using HPPs leads to higher employment costs. Stanton et al. (2010) tried to resolve the short-term nature of such studies by using a five-year performance related research into Australian hospitals although recipients' resistance became problematic.

Examining the performance issue might entail looking at HRM Systems in their totality and thereby refrain from treating strategy as isolated functional aspects as has been done in previous studies. Such a treatment will show whether adopting HRM strategies as a whole is having an effective impact on performance, referred to by Huselid (1995) as 'High Performance Work Practices' (HPWPs). These practices include recruitment and selection, training and development, reward and remuneration and performance management systems as an entire



package. Despite its methodological limitations regarding data collection and sampling, Huselid (ibid) showed that the HPWPs did have noticeable positive impacts on productivity and performance.

### *Analysis*

The authors of the Configuration and Creating Shared Value Models harp on their models' benefits. They recognise that management may use their advice but did not recognise the side effects. They also highlight that something special needs to be done. Statutory agencies might help in emulating value creation and enhancing performance. It appears as if it would be impossible to surpass the proposal to redefine the "boundaries of capitalism" given the miseries caused or contest that some form of management is needed to enhance organisational performance. Although CSV appears to have ushered in some ideas as to how management and markets operate, it stops short of telling us how strategies can be implemented to improve the challenges in the identified areas. This is similar to Huselid and Becker's (2006) lack of attention on how to resolve business's 'black box' performance issue.

The advantages appear to be self-proclamations and, although impressive for both models, they do not guarantee that implementing CSV will solve SMEs' performance. However it is fair to state that Porter and Kramer admit that practical problems still abound whilst Huselid (ibid) and his colleagues note research constraints. The ill-defined and ambiguous nature of strategies could render firms lukewarm to the new ideas and what they promise. Organisations are still coping with major challenges such as immigration, integration, emigration and poverty, issues that could have evolved as a direct or indirect consequence of management having used the techniques advised in the models. It is also unclear how management knowledge will be utilised and how businesses, people and statutory agencies will interact to extend the needed resources to the unproductive and underperforming employees. There are problems related to their definition as there are problems linked to the distinction between improvements that have arisen as a result of CSV's implementation and those from management's application of the techniques. We do not yet have a clear idea of what Porter and Kramer's "purification techniques" are or how beneficial they may prove to enhancing performance.

Although implementing the CSV or configuration models appears intended to turn people into human capital/resources, it is not clear how people are expected to make use of an organisation's resources to improve performance. Both models remain too generic – i.e. they

are about people in any society and any organisation not necessarily SME specific. It is not clear how SMEs' challenges and needs are identified and managed or whether performance appraisal could play a part. Such a model is therefore not about companies helping to resolve society's or organisations' banes but about helping individuals to realise what they can do especially when the use of human resources is challenged. Although appearing to target a big group of staff/people on how to turn grand ideas into HRM and business-related practices, the Configuration and CSV models are designed/targeted at bringing about some behavioural change although it is not clear how the preferred performance issues are dealt with. This exposes a debate-deficit.

In the next sections the author presents the results of a study he conducted concerning the effects of applying standard performance procedures, the types proposed by the two models. The results reflect the under-representation of this topic in SME research and what needs to be addressed. They refer to the issue of how SMEs work with individual employees to address some strategic and employment-threatening performance issues when they try to implement aspects enshrined in the two models. It is anticipated that tackling this issue will help improve understanding of how HRM policies and practices may bring about performance improvements in SMEs. The issue is considered of value as it relates to how individual employees interact with imposed performance regulations – and whether or not they help identify the performance-related risks of neglecting locally recognisable SME resources.

## **RESEARCH METHODOLOGY**

Two surveys were conducted between 2004/5 and 2011 and four organisational examples were used to find out how the firms' performance difficulties were addressed (via what HRM model). In total eighty-five interviews (68 in the first round, 17 in the subsequently) were held with managers and employees of four UK-based SMEs who attested to their firms were challenged. Interviews lasted an hour per each respondent. The first survey questioned the strategies used to seek to resolve the performance challenges and how people reacted to the cost cutting methods used in implementing them. The second survey investigated what happened afterwards, including challenges and successes. Respondents waived anonymity. It was heartening that each of the firms that agreed to participate survived.

The nature of the challenges faced by all four SMES are performance-related and are captured as follows. Longhurst was under government pressure to improve not only the quantity but also

the quality of its public housing. In line with achieving this, staff performance was being evaluated and, where necessary, improved. Lagat was asked to meet the increasing demands on their educational services for young adults. This was at a time when they had to shrink their headcount as government funding was being slashed during the austerity years in the UK. The Care Quality Commission (or CQC) had Eden Supported Housing (ESH) under the microscope as they were asked to make care more affordable to the frail and elderly and improve the service-quality. On the other hand, ESH's new owners were increasingly emphasising profit-maximisation and greater performance. Laurens-Patisserie, the biggest cake manufacturing firm in Lincolnshire and Nottinghamshire at the time, had to develop new ways to integrate its diverse employee ethnicities and cultures thereby forcing the HRM department at the time to make policy adjustments. Local supermarkets like Morrison's and Asda's started asking for greater clarity on products' nutrition labelling. An international company, Bakkavor, bought the firm by 2011 and redirected their focus on greater financial viability as their preferred performance.

## **FINDINGS**

During the data collection stage, the author solicited the help of two additional, independent researchers to help review and interpret the qualitative materials. They helped to axially-code and thematise the data. This process produced four thematic phases as a way to systematise how the firms addressed their performance issues. The themes captured the participants' responses which were categorised into sets following Alvesson and Skoldberg's (2017) interpretation and reflections on qualitative data. With the help of the additional researchers, further reflections on the empirical responses revealed a series of descriptions that took the form of strategies that were in line with how management and employees dealt with their performance problems. The responses are therefore summarised as a set of strategies (or method to achieve a preferred goal) or in Porter and Kramer's word 'techniques' that employees appeared to take to resolve their companies' performance problems. Other responses that did not fit this description are used elsewhere.

The responses of the interviewees have been summarised in terms of what managers and what employees did or attempted to do. Employees responded to the performance queries either by following management's actions or by resisting them. Some developed sub-cultures and concealed their intentions from management whilst others tried to implement what was required of them but by using alternative strategies. These revelations helped to appreciate the

situational factors that both managers and employees were dealing (Hofstede, 2001; Okpara and Kabongo, 2010).

The four strategies are interesting in the study of organisational performance in the sense that they are not in the tradition of the Configuration Model (i.e. as descriptions of what activities need to be matched with an organisation's business environment), but appear part of attempts to address the organisational and business structures that constrain individual and collective performance. It also helps to recognise a process of how staff made use of their individual experiences as resources to effect changes in their and other people's preferred performance. When they behave this way they do not behave in the traditional way of doing what they were told by their managers. They developed the capacity to adapt and to recognise the contributions of other staff and thereby to contribute to solving the problem of preferred performance.

The process for developing the respondents' strategies was based on creating 'a rich picture' (Checkland, 2000), or a 'thick description' (Geertz, 1994) of the context that gave rise to the performance problems. Reflecting on and interpreting the accounts (Alvesson and Skoldberg, 2017) produced four strategies of what was needed and how the performance issues were resolved. One may consider generalising this aspect, for example by including all the strategies that participants said they used or including what they said was needed to resolve the problems. The latter was chosen for further exploration as a way to contribute to its under-reporting in SME studies on performance challenges and to help answer the research question. Strategies 1 and 2 identify the context giving rise to the SMEs' performance problems and strategies 3 and 4 identified what types of resources were needed to implement a resolution of the context-specific-performance problems. The second set of strategies is important, however, as they make explicit how SME companies may use available resources as well as add to them, something that has not been attempted in Huselid's or Porter and Kramer's studies. It is recognised, however, that the strategies may also have to be reformulated in that they may not help to solve performance problems of large companies – given that they were abstracted from what happened in SMEs. The following strategies consist of the study's findings in resolving performance problems and have been categorised as follows:

- *Strategy 1*: Managers in the four SMEs clearly said that they recognised the necessity for their companies to change. Employees also came to this realisation when they were told by their managers often via their company's top-down communication channels. In other

cases, they became aware via management's scheduling of periodic '*meetings*'. However, at other times managers saw the need to '*push*' communication further down the hierarchical line.

Managers then tried to recruit staff who knew about '*commercial activity*' although some '*practical overlaps*' became apparent. Those staff who were not '*attuned*' with the new requirements faced disciplinary measures as the '*new efficiencies*' start to bite. This caused staff to '*devise their own ways*' as they began to '*erase job boundaries*' in their bids to survive the measures.

- *Strategy 2*: Managers were compelled to start '*new strategies*' some of which included '*performance matrices*' especially as they noticed that staff were resisting their measures. The latter were in employees' viewpoint '*hard*' and '*harsh*'. As a result, employees started operationalising their own way to talking and interacting with their colleagues.
- *Strategy 3*: Via such interactions, employees began taking up extra duties and responsibilities by, for example, consciously selecting those '*training programmes*' they should be '*representing the company*'. Some of the staff even talked about '*branching out*' from their companies. Managers saw these counter-measures as acts of rebellion and they started to rein in on the employees.

Employees realised that they had a knack for some jobs and by taking up more of the ones they were good in doing they made their work more noticeable than what they would have been given credit for. They engaged in '*learning*', '*supporting*' and '*checking funding streams*', activities which they think will facilitate their contributions to their companies.
- *Strategy 4*: Employees took it upon themselves to act as mentors to other colleagues in order to boost their competency. By so doing, they began curtailing what they considered as the '*harshness*' and '*hardness*' of their management. Employees started to appreciate the benefits of working in '*cross functioning*' teams and by so doing consolidated '*relationships*' over and beyond what their managers could monitor and keep a check on.

Building on the tradition of Alvesson and Skoldberg (2017), a further interpretation was thought necessary firstly, to help identify the types of strategy-activities employees used to help their company deal with the problems of performance and secondly, to see what they might have added to the literature. Based on the afore-stated strategies the following areas

became apparent from the data: 1) waiting to see what managers would think of when challenges would be recognised; 2) noticing whether any of the measures the managers take – out of habit or presumed knowledge – helped to release new resources; 3) identifying what objectives need to be realised and how new and existing resources among the employees may be recognised that support their realisation and 4) establishing clusters of cooperation among those following the first two strategies to ensure that challenges are met. The last category (number 4) appears of special importance in the theoretical frames seeking to develop performance-resolution strategies. It refers to employees developing techniques to deal with the performance problems that the use of traditional management models such as contingency (Huselid and Becker, 2006) and CSV (Porter and Kramer, 2011) do not allow for. They develop a separate set of competences that differ from those that their managers sought to apply in them as a collective. They proved able to change managers' treatment of colleagues as objects into a treatment of valuable resources that could reflect on (Alvesson and Skoldberg, 2017) what was happening across other departments and act. Having this ability to act proved a valuable addition on two fronts: firstly, the companies still existed during the second round of interviews and in fact still exist and secondly, employees' reflections helped in providing a set of strategies to identify and resolve performance related issues. Strategies 3 and 4 thus appear to refer to a way of increasing a company's resilience while its employees help it to perform as preferred. It thus constitutes a strategic model to resolve preferred levels of performance.

### ***Summary***

The research question of this study was to identify what to do to solve the problem of performance – at least for SMEs where this problem was found to be under-represented. To answer this question a number of models was visited, including the configuration model of HRM and Creating Shared Value model proposed by Porter and Kramer. A review of the literature showed that studies are still focusing on making use of internal human capital (e.g. Huselid, 1997; Boxall and Purcell, 2003) in line with the resource-based view (Wernerfelt, 1984; Barney, 2001; Tassabehji and Isherwood, 2014), by focusing on competencies, talent management, retention and development (Marchington and Grugulis, 2000; Dolan, Mach, and Olivera, 2005), by encouraging employees to have a voice (Armstrong, 2015) and acquiring management expertise (Teittinen et al., 2013) or by cultural realignment (Bock et al., 2012). However, such attempts do not seem to have led to the preferred levels of performance. They

fail to deal with staff competences (Ford et al., 2008) – as a power to contribute to the dynamic processes of organisational performance.

Both the Configuration and the Creating Shared Value Models were found to lack in practical advice (i.e. in generating the ability to be flexible). They appeared to focus on general benefits without providing details of how to move forward – presumably as both focussed on addressing higher-level employees and managers, and hence on trusting both groups to inspire other employees without clear directions. In contrast the present study referred to empirical evidence concerning progress. The evidence included information concerning communication mechanisms, the formation of strategic partnerships and of encouraging a more collective approach to deal with performance problems. The last category proved especially interesting as it highlights the failure to address performance issues when staff objectives and preferences are treated as commodities by managers who adopt standard theoretical and model formats (see CSV and contingency models). Adopting the latter showed how staff's competencies were constrained thereby stifling the potential reflections and capabilities that the CSV model and Alvesson and Skoldberg's (2017) reflexive methodology were originally designed to enhance.

This study contributes in extending our knowledge concerning what managers need to do when they try to deal with performance-related problems faced by SMEs. There is a systematic way as presented in the four strategies to address the preferred levels of performance so as to deal with the challenges faced. From these strategies, it was shown what types of inconsistencies may arise as a result of applying the CSV and Contingency Models and theories. The ability to reflect on internal and external contexts and the capacity to do something about one's reflections should be included in the strategic models proposed by Huselid, Porter and Kramer, amongst others. The paper thus contributes to the debate concerning the application of the Configuration (Huselid and Becker, 1996; Brewster, 1999; Perkins and White, 2011; Adomaku, 2018), the CSV model and the reflexive methodology of Alvesson and Skoldberg (2017). It proves advisable for management and HRM experts to give people's competence to reflect and act on traditional models of performance resolution significant attention (Teittinen et al., 2013; Schonefield, 2004; Lepak and Snell, 2002). The results thus confirm that Strategies 1 and 2 need to recognise contextual variables and Strategies 3 and 4 need to be added to the Configuration and CSV models to show how employees develop the capacity to reflect on, identify and act on local resources for collective performance. Benefits of doing so include remedying the damages caused to individual and collective performance by management's

impositions (Kotter, 2008; Porter and Kramer, 2011) despite alternative claims made by Katou and Budwar (2006).

## **CONCLUSIONS**

The author's main research question was to examine whether a strategy to resolve SMEs' preferred levels of performance could be identified. To help answer this question and achieve the research aim, two prominent models in the HRM and international business fields were explored. In addition some practical implementation issues regarding the contingency and CSV models were identified. Their analyses and the empirical responses have helped in focusing our attention to the need for reflecting on SMEs' contextual sets of activities and constraints and developing strategies based on what and how people think and act in those situations. The answer to the question proved to consist of four strategies, which can be summarised to support fostering the production of new objectives and resources as a set of strategic competencies to resolve SMEs' performance problems.

This result is expected to assist decision and policy makers as well as SME owners to appreciate the wide range of their employees' behaviours and the fact that they need to prioritise staff contributions when their operational capacities are challenged. The results have extended our knowledge as they highlight that those in higher-up positions need to support individuals to step 'out of the box' of top down strategies and thereby become able to systematically increase performance.

The drawbacks of the study centre on the limited nature of the survey sample. This suggests that the results should be interpreted as emphasising a need for strategies to achieve preferred performance other than the tradition CSV and Contingency Models and adding to the reflections and interpretations proposed by Alvesson and Skoldberg (2017). The models focus on recognising fixed resources independent of the objectives of the reflective accounts of the people involved – as implemented in the notion that biases have to be reduced or even eliminated. The study's results have shown that what is needed instead is a focus on recognising and enhancing people's potentials and reflections as invaluable resources in tackling SMEs' performance-related problems. Doing so constitutes a project, one that may be initiated and tested in a variety of firms and countries.



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